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Message Text

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44
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C O N F I D E N T I A L MOSCOW 11398

E.O. 11652: GDS
TAGS: EWWT, EEWT, UR, US
SUBJECT: SOVIET ATTITUDES TOWARD "OCEAN SHIPPING ACT OF 1976"

1. SUMMARY. MEETINGS IN MOSCOW JULY 13-14 OF FEDERAL MARITIME COMMISSION CHAIRMAN BAKKE WITH TOP MINISTRY OF MERCHANT MARINE OFFICIALS FOCUSED ON DISCUSSIONS OF PROPOSED "OCEAN SHIPPING ACT OF 1976" NOW PENDING IN CONGRESS. DENYING THAT THEY WERE SEEKING TO DISRUPT OR DOMINATE WORLD SHIPPING, THE SOVIETS ASSERTED THAT THE ACT WAS POLITICALLY MOTIVATED AND, IF PASSED IN ITS PRESENT FORM, WOULD REPRESENT A DEPARTURE FROM BOTH THE 1972 SUMMIT ACCORDS DEALING WITH IMPROVEMENT OF ECONOMIC-COMMERICIAL RELATIONS AND THE BILATERAL MARITIME AGREEMENT. VAGUE WARNINGS WERE ISSUED ABOUT THE "UNPREDICTABLE CONSEQUENCES" OF SUCH LEGISLATION INCLUDING POSSIBLE SOVIET DOMESTIC LAW COUNTERMEASURES AND ACTIONS RELATED TO THE MARITIME AGREEMENT. AT THE SAME TIME, HOWEVER, THE SOVIET OFFICIALS INDICATED THAT THE WAY IN WHICH THE ACT WOULD BE IMPLEMENTED WAS AT LEAST AS IMPORTANT AS THE LAW ITSELF. THEY ALSO MADE CLEAR THEIR ACCEPTANCE OF THE LINER CONFERENCE SYSTEM, OFFERED TO TAKE THE FIRST STOP IN INITIATING DISCUSSIONS ON DISPUTED PACIFIC SHIPPING MATTERS, AND INDICATED WILLING-NESS FURTHER TO EXPLORE MEANS OF ASSUAGING U.S. CONCERNS ABOUT THE ACTIVITIES OF THE SOVIET MERCHANT FLEET. END CONFIDENTIAL

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SUMMARY.

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2. CHAIRMAN OF THE FEDERAL MARITIME COMMISSION KARL E. BAKKE VISITED MOSCOW JULY 13-14 AS THE GUEST OF USSR MINISTER OF THE MERCHANT MARINE GUZHENKO. MEETINGS WITH THE MINISTER, FOREIGN RELATIONS DEPARTMENT CHIEF AVERIN, AND SOVINFLOT PRESIDENT MASLOV ALL FOCUSED ON PENDING CONGRESSIONAL LEGISLATION, H.R. 14564, WHICH WOULD REGULATE THE RATES OR CHARGES BY CERTAIN STATE-OWNED CARRIERS IN U.S. FOREIGN COMMERCE. WHILE DISCLAIMING ANY INTENT TO INTERFERE IN THE U.S. DOMESTIC LEGISLATIVE PROCESS, ALL THREE OFFICIALS ARGUED THAT THE ACT, IF PASSED IN ITS PRESENT FORM, WAS POLITICALLY MOTIVATED AND WOULD DISCRIMINATE SPECIFICALLY AGAINST THE SOVIET MERCHANT FLEET.

3. MINISTER GUZHENKO WAS PARTICULARLY CONCERNED ABOUT U.S. PRESS COMMENTARIES HE HAD READ WHICH TO HIM INDICATED THAT THE LEGISTATION IS DIRECTED AGAINST THE USSR. HE SAID THAT IF THIS IS SO, HE WOULD VIEW THE ACT AS A DEPARTURE OF THE USG FROM THE 1972 SUMMIT UNDERSTANDINGS AND AGREEMENTS TO PROMOTE COMMERCIAL-ECONOMIC TIES AND ALSO FROM THE HELSINKI ACCORD UNDER WHICH THE SIGNATORIES PLEDGED TO EXPAND COMMERCIAL TIES. AND, HE COMMENTED, IF THE SOVIET FLEET TURNS OUT TO BE THE ONLY STATE-CONTROLLED FLEET FALLING UNDER THE PURVIEW OF THE ACT, THIS WOULD HAVE AN "EFFECT" ON THE USSR.

4. THE MINISTER ALSO STATED, HOWEVER, THAT THE USSR ACCEPTS THE SHIPPING CONFERENCE SYSTEM AS AN HISTORICAL REALITY AND IS WILLING TO JOIN INDIVIDUAL CONFERENCES ON A MUTUALLY BENEFICIAL BASIS WITHOUT DISCRIMINATION. IN AN ALLUSION TO DISPUTED SHIPPING AREAS SUCH AS THE PACIFIC, HE REMARKED THAT THE SOVIETS, THOUGH WILLING, HAVE NOT JOINED SOME CONFERENCES BECAUSE OF UNREASONABLE DEMANDS AND CONDITIONS PLACED ON THEM BY THE CONFERENCE MEMBERS. HE SAID THE USSR WAS WILLING TO JOIN IN NEGOTIA-
TING AND PARTICIPATING IN A CONVENTION ON CONFERENCE MALPRE-
TICES. HE EMPHASIZED THAT THERE WERE NO INSURPERABLE BARRIERS TO COOPERATION BETWEEN US AND SOVIET SHIPOWNERS.

5. THE MINISTER ASSERTED THAT REPORTS OF SOVIET MERCHANT
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EXPANSION ARE EXAGGERATED. THE USSR, HE SAID, HAS NO INTEN-
TION TO THREATEN THE FLEET OF ANY COUNTRY OR ON A GLOBAL SCALE. THE MAIN OBJECTIVE OF THE USSR MERCHANT FLEET IS TO SATIFY DOMESTIC COASTAL SHIPPING NEEDS AND FOREIGN TRADE NEEDS, WITH ONLY A SMALL PORTION, APPROXIMATELY 20 PERCENT, DEVOTED TO THIRD COUNTRY CARRIAGE.

6. IN SEPARATE MEETINGS, AVERIN ARGUED THAT THE ACT WOULD

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CREATE SPECIAL CONDITIONS FOR THE USSR IN U.S. TRADES AND, IF PASSED, COULD HAVE CONSEQUENCES ON BILATERAL SHIPPING TRADE AND ON THE PARTICIPATION OF THE TWO FLEETS IN CARGO CARRIAGE IN BILATERAL TRADE. HE ALSO ARGUED THAT THE ACT WOULD CONTRADICT THE PORT ACCESS ARRANGEMENTS UNDER THE MARITIME AGREEMENT AND COULD GIVE RISE TO SOVIET DOMESTIC LEGAL COUNTERMEASURES.

7. MASLOV'S ARGUMENTS WERE SIMILAR BUT HE ADDED THAT THE BILL COULD PRODUCE MORE INSTABILITY THROUGH RETALIATION BY OTHER GOVERNMENTS. HIS MOST SERIOUS CONCERN WAS THAT THE ACT COULD RESULT IN ANOTHER "BOYCOTT" OF SOVIET SHIPPING AS OCCURRED IN THE EARLY 1960'S OVER THE CUBA ISSUE. ON THE OTHER HAND, YE AFFIRMED THE WILLINGNESS OF SOVIET SHIP-OWNERS TO JOIN CONFERENCES AND TO CONSIDER OTHER SUCH STEPS TO ASSUAGE U.S. CONCERNS "IF THERE IS NO DISCRIMINATION." AND HE STATED THAT PERHAPS FESCO SHOULD TAKE THE FIRST STEP AND APPROACH PACIFIC CONFERENCE MEMBERS FOR A MEETING TO DISCUSS MEMBERSHIP. THIS, OF COURSE, WOULD BE DONE "WITHOUT REFERENCE" TO THE PRESENT SITUATION.

8. COMMENT. GREATEST SOVIET CONCERNS APPEAR TO BE THAT A BOYCOTT OF SOVIET SHIPPING COULD ENSUE AND THAT THE NEW REGULATIONS COULD MAKE DAY-TO-DAY OPERATIONS MORE DIFFICULT FOR THE SOVIET FLEET IN U.S. TRADE. WHILE RECITING PUBLIC POLICY LINE WHICH THEY WILL TAKE IF BILL IS PASSED, SOVIETS INDICATED RECOGNITION THAT HOW THE BILL WILL BE IMPLEMENTED WILL BE CRUCIAL. THE MINISTER'S COMMENTS ABOUT SOVIET WLLINGNESS TO JOIN CONFERENCES AND MASLOV'S OFFER REGARDING FESCO APPARED TO BE IN A POSITIVE LIGHT. IF, HOWEVER, THE SOVIETS FEEL THAT SOME COUNTER-ACTION IS REQUIRED, AVERIN'S COMMENTS INDICATE THAT ADDI-TIONAL DIFFICULTIES IN IMPLEMENTING THE BILATERAL MARITIME
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AGREEMENT CAN BE EXPECTED.
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